

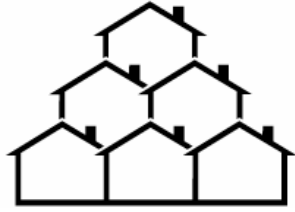
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Mission Entrepreneurial Entities: Essential Actors in Affordable Housing Delivery

Ray Christman, Gaynor Asquith, David Smith

October 8, 2009

In conjunction with World Habitat Day
National Housing Conference: Washington, DC

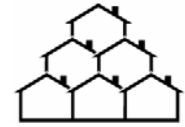


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Part 1

Why this Report? How was it created?

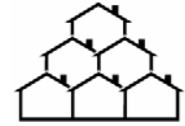
Why this Report?



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- Housing is critical to world urbanization
 - “Good housing makes good families and good communities”
- AHI works around the world
 - Import-export of ideas: US ↔ global South
 - “We learn from you – you learn from us.”
- MEEs are drivers of change
 - Understanding MEE roles and features → more effectiveness and efficiency
- The starting point: US and UK ecosystems
 - US and UK both have large MEE populations
- Extract possible lessons for the Global South
- Envision future of the industries in the Global North

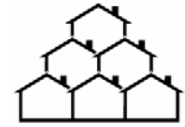
What is a Mission Entrepreneurial Entity? Why this term?



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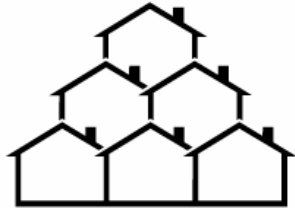
- Existing definitions obscure distinctiveness
 - NGO → what it is 'not' rather than what it is
 - CDC → focus on community development, not housing
- Mission Entrepreneurial Entity
 - **Mission:** goal is positive change
 - **Entrepreneurial:** achieve results, actors in the space, taking risks
 - **Entity:** P&L, cash flow, balance sheet

Major conclusions: MEEs' importance is rising



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- 40-year evolution in affordable housing delivery system
 - Increasing importance of public-private partnership
- MEEs have been key to this evolution
 - Change-makers, important participants
- MEEs include both Neighborhood and Production based organizations
 - More Neighborhood MEEs, but Production MEEs create most housing
- The current challenges make MEEs essential ...
 - Significant growth opportunities, particularly now
- ... but put them under financial and organizational stress
 - Financing, consolidation, governance
- In view of this, what makes MEEs succeed?
 - What makes them fail?

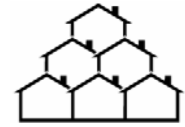


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Part 2

Insights, observations, and speculations

MEEs profiled: 12 in the US, 11 in UK

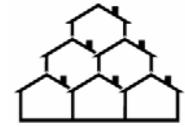


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1. Urban Edge, Boston
2. Fordham Bedford, Bronx
3. Phipps Houses, Manhattan
4. CPDC, Washington DC
5. Cleveland HN, Cleveland
6. Community Housing, Virginia
7. Progressive Development, Atlanta
8. Homes in Partnership, Apopka FL
9. CommonBond, Minneapolis
10. HomeWord, Montana
11. Reach, Portland OR
12. MidPeninsula, Bay Area

1. New Gorbals, Glasgow
2. Fabrick, Middlesbrough
3. Mosscares Housing, Manchester
4. Knowsley, Liverpool (Prescott)
5. Riverside, Liverpool
6. ASRA/ LHA, Leicester
7. Hanover Housing, national
8. Abbeyfield, St. Albans, Herts.
9. Peabody, London (Southwark)
10. Aster, southwestern England
11. Wiltshire Rural, Wiltshire

US MEE Map

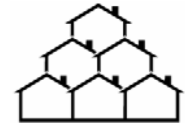


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Location of 12 Profiled US MEEs



UK MEE Map



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Location of 11 Profiled UK MEEs

1 **NEW GORBALS**
HOUSING ASSOCIATION
Glasgow, England

3 **MOSSCARE HOUSING**
Manchester, England

4 **Knowsley**
Housing Trust
Prescot, England

5 **Riverside**
Liverpool, England

11 **WILTSHIRE RURAL WRHA**
HOUSING ASSOCIATION
Wiltshire Rural Housing Association
Wiltshire, England

10 **Aster**
Southwestern England



7 **hanover**
Housing Association
National

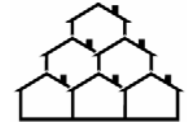
2 **Middlesbrough Housing Group**
Middlesbrough, England

6 **LHA**
The Local Housing Agency
Leicester Housing Association
Leicester, England

8 **Abbeyfield**
Where older people find care in housing
Housing Association
St. Albans, Herts, England

9 **PEABODY**
Southwark, London, England

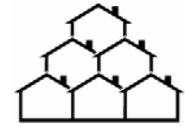
MEEs are important



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1. MEEs perform critical and distinctive functions
2. US/UK: play essential role in housing ecosystem
3. We conclude MEEs are essential to any robust system
4. There are many ways to fail
5. Now is a critical time in both the US and UK

MEEs come in two species: Neighborhood and Production



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Neighborhood

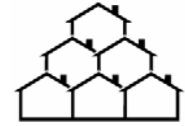
- Local group
- Empowering residents
- Meeting visible needs in one place
- CDCs in the US
- Voluntary HA's in the UK
- Plentiful, small, scattered

Production

- Social enterprise
- Delivering social goods
 - Affordable housing
 - Resident services
- Growing a sustainable business
- US: Portfolio non-profits
- UK: Professional HA groups
- Fewer numbers, larger

- These species deliver complementary value
- A robust ecosystem has 'enough' of each

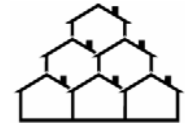
Housing MEEs come in two distinct types: “Neighborhood” and “Production”



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1. Briefly:
 - a. Neighborhood = Tight geography, helping people
 - b. Production = Creating/ acquiring more housing
2. Most MEEs are Neighborhood MEE's
3. Production MEEs are more productive
4. Growing successful Production MEEs takes time
5. For the global South
 - a. Production MEEs are watershed
 - b. Accelerate pace of political/ economic change

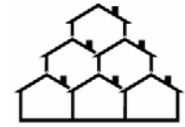
US-UK ecosystemic observations: Some things are similar ...



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1. MEEs as key delivery entities
2. Scale becoming of increasing importance
3. Current disruption and uncertainty
4. Intellectual and association infrastructure is critical
5. With success comes new mandates
 - a. Social services: “no good deed goes unpunished”

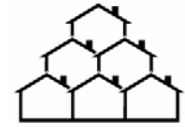
US-UK ecosystemic observations: ... and some things are different



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1. Top-down versus bottom-up
 - a. UK top-down: HCA (formerly Housing Corporation) intrusive regulator
 - b. US bottom-up: regulation is by property, hence resource based, hence state-centric
2. Core competency
 - a. US: resource assembly (“win the QAP, find the soft debt”)
 - b. UK: resident services (“touch the customer multiple ways”)
3. Size: UK average > 2x US, despite population < 5x
4. Where are they scattered?
 - a. US: Legacy rules; many in Northeast, few in South, West
 - b. UK: Metro-centric, only a few in multiple markets

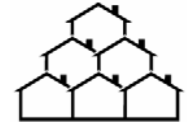
Toward the ideal MEE: elements in greater effectiveness



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1. Public-private rather than pure public
2. Production MEEs have a minimum sustainable scale
3. The DNA defines the organism
 - a. Design for scale from inception
 - b. Governance is integral to organizational design
4. Nutrition (non-recoverable money) defines the organism
5. Drive to reduce grant, non-recurring income dependency
6. Production MEEs are symbiotic with their environments, so organizational portability is limited

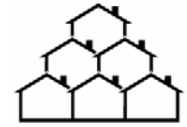
Implications for the Global South



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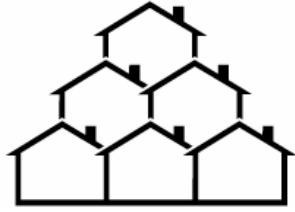
1. MEEs in North and South are similar creatures
2. Neighborhood and Production MEEs co-exist in both environments
3. Organizational DNA of Production MEEs is similar
4. Production MEEs are grown, not imported
5. In networks is strength
 - Both Neighborhood MEEs and Production MEEs benefit from peer networks

Whither the MEE Sector?



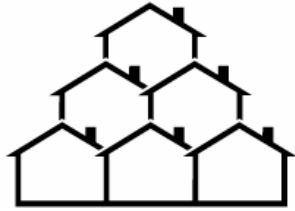
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1. US: capital crunch driving MEE consolidation
2. UK: new requirements, new regulator
3. LIHTC disruption upends US MEE business models
4. Resident social services loom as funding-cut casualties
5. Governments need MEEs more than ever



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Discussion



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